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CHAD

SUMMARY OF DRAFT NATIONAL PROGRAMME OF ACTION

(preliminary version)

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INTRODUCTION

1. Chad is a very large landlocked country consisting of three geographical areas: desert to the north, the Sahel, and savannah in the south. It is a poor country, with per capita income currently estimated at US\$ 230. Eighty per cent of the active population depends on the rural sector, but this contributes only an estimated 38 per cent to gross domestic product (GDP). Industry and construction contribute 21 per cent to GDP, and services, 35 per cent.

2. While the country has potential, 30 years of civil war and the resulting political instability and the poor economic policies followed for so long are serious obstacles to increased production and employment and better living conditions. There has of course been some progress in implementing structural adjustment programmes, which have corrected short-term financial imbalances and laid the foundations for the long-term structural transformation of the economy. However, most economic and social indicators point to the need to focus on other priorities of the programme of action, namely:

- Making the best use of human resources;
- Reversing the trend towards environmental degradation;
- Promoting integrated rural development policy to increase food production and raise farmers' incomes;
- Developing a diversified production sector based on private initiative, efficient State-owned enterprises, regional cooperation, wider access to the world market and international action on commodities.

3. The rest of this document looks at:

- (i) The development of the Chadian economy in the 1990s; and
- (ii) The national programme of action for 2001-2010.

I. REVIEW OF THE 1990s

A. Situation in the 1990s

4. In the 1990s, the Chadian economy went through three distinct periods:

- (i) 1990-1993: a deep economic recession characterized by falling GDP;
- (ii) 1994-1997: economic recovery, partly linked to the 1994 devaluation of the CFA franc and its attendant policy, with a substantial increase in real terms in the GDP growth rate;
- (iii) 1998 onwards: stagnation in growth, linked to external shocks, particularly the energy crisis of 1998-1999 and the fall in world prices for cotton.

5. In 1994-1995, the Chadian authorities reached agreement with the Bretton Woods institutions on ways to bring about macroeconomic stability and implement structural reforms. On the basis of this agreement, the Government adopted a reform programme for the 1994-1999 period. Generally speaking, this programme made a positive contribution to the economic turnaround, the noteworthy achievement of the objective of macroeconomic stability, improvements in the business climate, etc. However, development requires investment, which has not been forthcoming for lack of adequate national savings. Development also implies that the population has access to food, jobs, health care, housing and the necessary education, but it has to be said that the situation facing the country in these areas is still one of great poverty. Furthermore, the 1998-1999 energy crisis and the deterioration in the country's terms of trade show that the Chadian economy, despite the progress made in reforming it, is still extremely vulnerable to external shocks.

B. Constraints on development

6. The experience of the 1990s shows that development continues to be hindered in Chad by factors such as:

- Lack of supply-side flexibility, characterized by weak diversification in exportable products and little sectoral integration of activities;
- Inadequate investment in physical infrastructure;
- A worsening external payments position;
- Rundown social services, a sign of the terrible poverty in the country;
- Ecological and environmental degradation (the desert is advancing at 2-3 km a year);
- An inefficient judicial system;
- Weak implementation of the international humanitarian rights conventions to which the country has acceded;
- The fact that the people have little say in the economic, social and cultural decisions and choices affecting them.

II. PROGRAMME OF ACTION FOR 2001-2010

7. The country's ultimate objective is to achieve sustainable socio-economic development. In this context, the aim of the preliminary national programme of action is to reduce the constraints on development and reverse the negative trends observed in the 1990s. This will require joint efforts, political commitments and a sharing of responsibilities by Chad and its development partners.

8. The reforms and the adjustment measures are closely linked and remain indispensable for providing a sound basis for sustained growth. The development of agriculture and livestock-farming will continue to provide the basis for national economic growth for a long time, notwithstanding the prospects for oil extraction. This means that the emphasis needs to be on husbanding water supplies, organizing distribution channels and the actors involved, and managing natural resources. However, the priority given to agriculture, which is seen as the preferred vehicle for development and as the priority for food self-sufficiency, should not be taken to mean it is the only priority. On the contrary, rural society in Chad needs to be provided with development support networks by promoting modest industrialization to meet the needs of the domestic market. This would be small-scale industry growing out of peasants' immediate needs, which would gradually give rise to an industrial fabric that is a truly integrated part of society.

9. In this way, the country could avoid currency-draining imports and give the workforce the opportunity to acquire basic industrial skills locally, without destroying the cultural fabric of society. This strategy will also allow suitable intermediate technologies to be developed and the local savings necessary for investment to be mobilized. Far more importantly, it will give rise to a class of managers capable of promoting, initiating and managing development. To achieve growth that will spread and take root over time will require the kind of business person who is prepared to take risks investing in the production of goods and services likely to satisfy people's felt needs.

10. However, the development of the country also requires that the best use should be made of human resources in a broader perspective encompassing political freedom and respect for human rights and people's right to participate in decision-making. To make the best use of human resources, the basic social services, especially education, health and family planning, must also be improved. Close attention must be paid to vulnerable groups such as women and children to increase their participation in development.

11. Likewise, action must be taken to combat environmental degradation. The international financial community should take further initiatives on multilateral debt to allow landlocked least developed countries like Chad even more favourable treatment. International cooperation should help improve the safeguards for agricultural commodities from the least developed countries in the framework of the trade negotiations now under way. Tariff measures and rules of origin ought to be further simplified and made more flexible. Regional and subregional cooperation provides an especially useful framework within which to seek ways to cut costs and improve the quality of production inputs. Lastly, in the interests of greater efficiency, mechanisms should be designed to monitor the implementation of the programme of action, building on the model consultation forum set up in preparation for the third Conference, preferably in the shape of a local forum to monitor the Government's programme of action for 2001-2010. This forum would consist of representatives of ministries and government institutions, civil society, the private sector and local development partners.
